

Message Text

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PAGE 01 TEGUCI 02068 151739Z

42

ACTION ARA-20

INFO OCT-01 ISO-00 DRC-01 SIL-01 USIE-00 NSCE-00 SSO-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02

H-03 INR-10 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 PRS-01

SP-03 OMB-01 SWF-02 INRE-00 /151 W

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P R 151613Z MAY 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 7099

INFO AMEMBASSY QUITO

AMEMBASSY SAN JOSE

C O N F I D E N T I A L TEGUCIGALPA 2068

E.O. 11652: GDS

TAGS: EIND, ELAB, HO

SUBJECT: BANANAS

REF: TEGUCIGALPA 1951

SUMMARY: ECOMOFF AND LABOFF IN LONG EXCHANGE WITH MINLAB
FONSECA MAY 14 COVERED CABINET LEVEL DISCUSSIONS RE BANANA TAX
LABOR PROBLEMS (SEPTTEL). FONSECA BELIEVES THAT PRESENT LABOR
PROBLEMS IN SEVERAL AREAS ARE NOT TRANSCENDENTAL WITH EXCEPTION
OF STANDARD FRUIT CONTRACT NEGOTIATIONS. ON BROADER ISSUE OF
BANANA EXPORT TAX, FONSECA BELIEVES ONLY PASSAGE OF TIME WILL
CLARIFY OUTCOME OF CONFLICT BETWEEN GOH AND FRUIT COMPANIES.
END SUMMARY.

1. FONSECA STATED THAT ELI BLACK OF UNITED FRUIT HELD
DISCUSSIONS WITH CABINET AND CHIEF OF STATE LOPEZ MAY 13.
FONSECA STATED THAT
BLACKREPS SPEAKING BOTH FOR UNITED FRUIT
AND STANDARD FRUIT FOLLOWING DISCUSSIONS HELD IN NEW YORK ON
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PAGE 02 TEGUCI 02068 151739Z

MAY 11 FOR WHICH DISCUSSIONS APPROVAL HAD BEEN OBTAINED FROM

THE DEPARTMENT OF JUSTICE. FONSECA UNDERSTOOD BLACK PRESENTED POSITION THAT STANDARD FRUIT FOLLOWED BY UNITED FRUIT WOULD CLOSE OPERATIONS IN HONDURAS RATHER THAN PAY THE EXPORT TAX ON BANANAS APPLIED APRIL 25. BLACK PRESENTED THIS POSITION IN DIRECT TERMS AND, ACCORDING TO FONSECA, OCCASIONALLY USED "UNDIPLOMATIC" LANGUAGE SUCH AS "FOOLISH" (TONTERIA).

2. FOLLOWING DISCUSSIONS WITH CABINET, CHIEF OF STATE LOPEZ PREPARED A MESSAGE TO PRESIDENT OF ECUADOR GENERAL RODRIGUEZ. THIS MESSAGE IS IN ROUTE IN HANDS OF MINISTER OF DEFENSE OR OTHER TRUSTED MILITARY ADVISOR MAY 14. MESSAGE BASICALLY ASKS IF ECUADOR INTENDS TO APPLY BANANA EXPORT TAX AND FOLLOW BANANA EXPORTING COUNTRY AGREEMENT.

3. SOME FURTHER CLARIFICATION ON THIS POINT MAY EVOLVE FROM SAN JOSE MEETINGS SCHEDULED TO BEGIN MAY 15.

4. FONSECA VIEWS CONTRACT NEGOTIATION PROBLEM WITH STANDARD FRUIT AS THE MOST SERIOUS AND ONLY TRANSCENDENTAL LABOR PROBLEM. HE STATED THAT ALTHOUGH 28 POINTS HAD BEEN AGREED DURING MEDIATION BETWEEN UNION AND STANDARD FRUIT, 28 REMAIN TO BE SOLVED DURING CONCILIATION. CONCILIATION AMOUNTS TO PRESENTATION AM REBUTTAL BY EACH SIDE. CONCILIATION COULD START THIS WEEK AND TERMINATE WITHIN TWO WEEKS. UPON TERMINATION, THE UNION IS FREE TO GO TO ITS MEMBERSHIP AND SEEK A STRIKE AGAINST COMPANY. FONSECA BELIEVES THAT MEMBERSHIP DESIRES A STRIKE.

5. COMMENT: FONSECA VIEW OF BANANA POLICY PROBLEM MUST BE TAKEN ESSENTIALLY AS HIS PERSONAL VIEWS BUT HIS ASSESSMENT THAT THE TWO COMPANIES WERE CHOOSING TO ATTACK HONDURAS AS "WEAKEST LINK" MAY BE GENERALIZED IN CABINET. EMBASSY CONCURS WITH FONSECA'S VIEW THAT ONLY THE PASSAGE OF TIME WILL CLARIFY THE OUTCOME OF THE CONFLICT OF BANANA EXPORT TAX. BLACK'S UNANNOUNCED VISIT MAKES CLEAR THAT FRUIT COMPANY POLICY NOT BEING GENERATED IN HONDURAS. ECOMOFF PROCEEDED TO LA CEIBA TODAY TO DISCUSS LABOR SITUATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, CUSTOMS DUTIES, BANANAS, CONTRACTS, NEGOTIATIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TEGUCI02068
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740119-1066
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740544/aaaabnfm.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: TEGUCIGALPA 1951
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 13 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 SEP 2002 by WorrelSW>; APPROVED <19 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANANAS
TAGS: EIND, ELAB, HO, STANDARD FRUIT, UNITED FRUIT, (FONSECA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005